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January 30, 2014

Docket Control
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85001

RE: Arizona Public Service Company's Application for Authorization for the Purchase of Generating Assets from Southern California Edison;
Docket No E-01345A-10-0474

In Decision No. 73130, dated April 24, 2012, the Commission ordered that:

Arizona Public Service Company shall file each January with Docket Control, as a compliance item in this Docket, an annual status report for each preceding calendar year, of all matters related to the deferrals, and the cumulative costs thereof, with the first such report due not later than January 31, 2013.

The Commission further ordered that:

Arizona Public Service Company shall prepare a separate detailed report of all costs deferred under this authorization and shall include that report as an integral component of each of its general rate applications in which it requests recovery of those deferred costs.

APS's acquisition of Southern California Edison's share of Units 4-5 was consummated on December 30, 2013 and APS subsequently filed an application to approve the Four Corners Rate Rider, in Docket E-01345A-11-0224 on that same day. APS provided an estimate of the cost deferral in the Rate Rider application (see APS Witness Elizabeth Blankenship's Direct Testimony in that matter), as at the time of the filing, no actual costs had been deferred. APS is providing as Attachment A, the details of the deferral balance as of December 31, 2013 in compliance with Decision No. 73130.

If you have any questions regarding this information, please contact Jeff Johnson at (602)250-2661.

Sincerely,

Lisa Malagon

LM/cd
Attachments

cc: Parties of Record

Arizona Corporation Commission
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Copies of the foregoing delivered/mailed this 30th day of January, 2014, to:

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ARIZONA PUBLIC SERVICE COMPANY
Four Corners Deferral Balance at 12/31/13
12/30/2013 Purchase Date of SCE's Share, Units 1-2-3 Shut Down 12/31/2013
(\$ in thousands)

Description	Amount
Four Corner Unit 1-3 Retirement - Unrecovered Plant Investment on Units 1-3	\$ 28,081
Four Corner Unit 1-3 Write-Off Inventory	7,609
SCE Four Corners Unit 4-5 Acquisition - O&M	1,513
Total Deferral Balance	\$ 37,203